

## **PERMANENT ROAD DIVISIONS**

**(California Streets & Highways Code §§1160 et seq.)**

### **Overview**

A Permanent Road Division (PRD) is a type of special district commonly used to fund construction and on-going maintenance of roads not normally maintained by the County. Typical maintenance activities may include as-needed resurfacing treatments, sweeping, pothole repair, repair or replacement of flood control structures, tree trimming, and other miscellaneous activities.

### **Special Benefits**

The PRD provides benefits to a select area. These benefits are “special benefits” (i.e., beyond those “general benefits” provided to the public at large) because the County does not normally provide such service to the area. The special benefits associated with PRD activities include the provision of an all-weather, hard surfaced roadway with drainage control features, and annual field reviews of roadway conditions. These special benefits accrue to the properties within a PRD by the provision of reliable all-weather access for personal vehicular and pedestrian trips, and access for other services commonly associated with land ownership (e.g., postal, utility, fire, police, emergency response, etc.).

### **Apportionment of Special Benefits**

The costs associated with providing these special benefits are apportioned to the properties within the PRD based on the estimated equivalent benefit units (EBUs) calculated for each property. EBUs for a given property are determined as a function of parcel area or number of residential units and three factors – a Land Use Factor, a Location Factor, and a Development Factor – related as shown in the following equation:

$\text{EBUs} = [\text{Area or \# of Units}] \times \text{Land Use Factor} \times \text{Location Factor} \times \text{Development Factor}$
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### ***Land Use Factor***

The Land Use Factor provides a relative measure of intensity of use of the road system by land use type and other property characteristics. The Land Use Factor is proportional to trip generation rates contained in *San Diego Traffic Generators Manual* (SANDAG, April 2002). A summary of common Land Use Factors is shown in the following table:

Land Use/Zoning	Code	Land Use Factor <sup>(A)</sup>
Residential – Single Family Detached	SFD	1.0 per dwelling unit
Residential – Condominium	CND	0.8 per dwelling unit
Residential – Multi-Family & Apartment	MFR	0.6 per dwelling unit
Commercial	COM	40.0 per gross acre <sup>(B)</sup>
Educational	EDU	8.0 per gross acre
Industrial	IND	15.0 per gross acre
Hotel	HTL	20.0 per gross acre
Office	OFC	30.0 per gross acre
Park	PRK	0.5 per gross acre

(A) Proportional to trip generation rates contained in *San Diego Traffic Generators Manual* (SANDAG, April 2002).

(B) Gross acre refers to “developable” land. Does not include acreage for biological open space, floodways, etc.

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### *Location Factor*

The Location Factor accounts for the fact that not all parcels within the PRD receive the same degree of benefit due to the location of the improvements and/or extent of alternative access routes. Location Factors may vary between 0.00 (no benefit) and 1.00 (full benefit) as shown in following table:

Location Factor	Benefit	Applicability
0.00	No Benefit	Parcel receives <i>primary access from non-PRD roads</i> . Potential incidental use of PRD roads only. <sup>(A)</sup>
0.50	Partial Benefit	Parcel has <i>several primary</i> access routes available, one of which includes use of improved PRD roads.
1.00	Full Benefit	Parcel receives <i>primary</i> access from improved PRD roads. Parcel <i>contiguous with</i> improved PRD roads.

<sup>(A)</sup> Parcels may be excluded from a PRD to the extent that they receive no current or prospective (future) benefit. If perspective benefit is foreseen, parcel should be balloted at maximum future assessment even though initially, and until conditions change, will pay \$0 assessment.

### *Development Factor*

The Development Factor accounts for the fact that developed and undeveloped parcels do not receive the same degree of benefit from improved PRD roads. While developed parcels receive the full benefits of improved PRD roads, partially developed parcels receive partial benefit, and undeveloped parcels receive limited benefit from occasional access and other minor service uses (e.g., utility, fire, police, emergency response, etc.). Development Factors may vary between 0.25 (limited benefit) and 1.00 (full benefit) as shown in following table:

Development Factor	Benefit	Applicability
0.25	Limited Benefit	Undeveloped parcels.
0.50	Partial Benefit	Partially developed parcels.
1.00	Full Benefit	Developed parcels.

### Assessment Calculation

Under §1162.6(a) of the California Streets & Highways Code, PRD charges are deemed to be “assessments” within the meaning of the Article XIIIID of the California Constitution. The Unit Assessment Rate (annual assessment per EBU) is based on the Total Annual Program Costs and Total Estimated EBUs, as shown in the following equation:

$$\text{Unit Assessment Rate} = \text{Total Annual Program Costs} / \text{Total Estimated EBUs}$$

The calculated current year and maximum authorized Unit Assessment Rates may be different depending upon the existing state of development within the PRD (effect on EBUs) and/or phasing of program costs (effect on annual program costs).

*Example:* Total Annual Program Cost=\$100,000, Total Estimated EBUs=50,  
\$100,000/50 EBU=\$2,000/EBU

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The annual assessment for a given parcel is equal to the parcel's total EBUs multiplied by the Unit Assessment Rate, as shown in the following equation:

$$\text{Parcel Assessment} = \text{Total Parcel EBUs} \times \text{Unit Assessment Rate}$$

Example: Assume for a given parcel  $\text{Total Parcel EBUs} = 2.25$ ,  $\text{Unit Assessment Rate} = \$2,000/\text{EBU}$ ,  
 $2.25 \text{ EBU} \times \$2,000/\text{EBU} = \$4,500$

## Balloting

Like assessments, PRD charges must comply with a number of substantive and procedural requirements pertaining to formation and balloting. These requirements include:

- ◆ Written notice by mail of the proposed assessment, the total amount thereof chargeable to the entire district, the amount chargeable to the owner's particular parcel, the duration of the payments, the reason for the assessment and the basis upon which the amount of the proposed assessment was calculated, together with the date, time, and location of a public hearing on the proposed assessment.
- ◆ A public hearing upon the proposed assessment not less than 45 days after mailing the notice of the proposed assessment to record owners of each identified parcel.
- ◆ At the public hearing, the agency shall consider all protests against the proposed assessment and tabulate the ballots. The agency shall not impose an assessment if there is a majority protest. A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. In tabulating the ballots, the ballots shall be *weighted according to the proportional financial obligation* of the affected property.

For weighted ballot purposes, each parcel's maximum authorized assessment should be considered.

- For developed parcels: maximum authorized assessment is based on the current estimated EBUs and the maximum authorized Unit Assessment Rate.
- For undeveloped and/or partially developed parcels: maximum authorized assessment may be based on full development (consistent with the underlying zoning) and the maximum authorized Unit Assessment Rate.

## Annual Indexing

To avoid re-balloting for increases in assessments, a PRD may include cost-indexing provisions to account for inflation or other program cost increases. The following is a list of commonly referenced cost indices:

- ◆ Los Angeles Construction Cost Index (LACCI) – published monthly by *Engineering News Record*
- ◆ 20-Cities Construction Cost Index (20 Cities CCI) – published weekly by *Engineering News Record*
- ◆ San Diego Consumer Price Index (SDCPI) – published semiannually by *U.S. Bureau of Labor Statistics*

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It is not uncommon to utilize an index plus an additional fixed percentage. For example, cost-indexing provisions could be set forth as “not-to-exceed SDCPI plus 3%.” Any applicable indexing provisions should be defined in the formational Engineer’s Report, and included on the ballot for property owner approval.

County PRDs will use the LACCI, as that is most representative of road construction costs in the Southern California region. County Landscape Maintenance Districts (LMDs) will use the SDCPI, as that most accurately reflects the costs of goods and services associated with LMD activities.

## **Annual Adjustments**

Each year, as part of the Annual Engineer’s Report process, PRD enrollments should be reviewed to account for parcel splits, consolidations, and land use/zoning changes. Any reapportionment of annual assessments (not including liens to repay bonded indebtedness) should be based on the approved and adopted apportionment methodology as set forth in the formational Engineer’s Report.